

LOS ANGELES UNIFIED SCHOOL DISTRICT

Information Technology Division

SHAHRYAR KHAZEI
Deputy Chief Information Officer

JAMES ALTHER, Ph.D.
Chief Technology Director,
Infrastructure Group



DAVID L. BREWER III
Superintendent of Schools

DAVID R. HOLMQUIST
Chief Operating Officer

October 16th, 2007

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

RE: REQUEST FOR REVIEW

CC: 02-6

To Whom It May Concern:

The Los Angeles Unified School District ("District") is submitting this appeal letter in response to the Demand Payment Letter sent from the Universal Services Administrative Company ("USAC") dated September 27th, 2007. This letter is regarding the following information:

Applicant: Los Angeles Unified School District

BEN: 143454

FCC Registration Number: 0012223764

CC Docket Number: 02-6

CC Docket Number: 96-45

Name: James Alther

Title: Chief Technology Director

Address: 333 S. Beaudry Ave, 10th Floor

Phone: (213) 241-1332

Fax: (213) 241-8400

E-mail: james.alther@lausd.net

Subject: APPEAL - USAC Demand Notice dated September 27th, 2007
471#: 337115, FRN: 916904

It is stated in the Demand Notice Explanation that:

"As a result of your appeal it has been determined that only the Additional Battery Pack was not delivered and therefore, USAC will seek recovery of \$329,21 of improperly disbursed funds from both the applicant and the service provider."

The District disputes the audit findings. We are directing this matter to your attention for assistance and direction. On March 22, 2007, Vector Resources and the District submitted separate appeals with USAC in response to a Notification of Improperly Disbursed Funds Letter for Funding Year 2003

(dated January 23, 2007); in the appeals, Vector and the District contested USAC's finding that \$10,771.76 was incorrectly disbursed as a result of audit findings.

On June 29, 2007, the SLD issued its Administrative Decision Letter partially denying the appeal. Specifically, USAC denied \$365.79 (SLD\$329.21) because it found that (1) Additional Battery Pack for SU2200RTXL2U (i.e. Tripp Lite P/N BP72V12-2U) had not been installed at Jordan HS. As a result of USAC's decision issued on June 29th, 2007, Vector filed an appeal on August 27th, 2007 directly to the Federal Communications Commission.

In the appeal filed, there was concurrence with the USAC finding that the Tripp Lite P/N BP72V12-2U was never installed at Jordan HS. However, we disagreed that USAC be allowed to recover these funds due to documentation provided in Vector's appeal on March 22nd and again on August 27th clearly demonstrating that Vector provided LAUSD a credit for this item in its June 2005 invoice for Jordan HS. There appears to have been a simple inadvertent oversight during the SLD's review of the appeal that led to an incorrect finding of a \$365.79 (SLD\$329.21) incorrect payment to LAUSD/Vector. We request that the SLD revisit the information that was submitted by our service provider as evidence that clearly demonstrates the credit was issued by Vector.

Summary:

We contend that the supporting backup documentation (appeals dated August 27th and March 22nd) submitted by Vector Resources, Inc. have clearly demonstrated that the conclusion that USAC issued was in error. We are requesting that the appeal be granted in full and that USAC correctly determine that Vector appropriately issued a credit for the additional battery and, as a result, the audit finding should be cleared.

"USAC will seek recovery of \$329.21 of improperly disbursed funds from both the applicant and the service provider."

While we understand that the appeal guidelines require us to appeal this matter with either USAC or the Commission, given the de minimus amount and the clear USAC error due to this inadvertent oversight, we would like to request that the FCC accept this appeal notice as a request to correct this error and the recovery process as described in the demand notice be held in abeyance pending resolution of the appeal submitted herein and by our service provider (letter filed August 27th, 2007).

If you have any questions, please contact Tracy Okumura at (213) 241-1875 or tracy.okumura@lausd.net.

Thank you very much



James Alther

Demand Payment Letter
Funding Year 2003: 7/01/2003 - 6/30/2004

September 27, 2007

Robert Messinger
Vector Resources, Inc.
3530 Voyager Street
Torrance, CA 90503

Re: SPIN: 143020726
Form 471 Application Number: 337115
Funding Year: 2003
FCC Registration Number: 0012223764
Applicant Name: LOS ANGELES UNIFIED SCHOOL DISTRICT
Billed Entity Number: 143454
Applicant Contact Person: JAMES ALTHER

You were recently sent a Notification of Improperly Disbursed Funds Letter informing you of the need to recover funds from you for the Funding Request Number(s) (FRNs) listed on the Funding Disbursement Report of that letter. A copy of that Report is also attached to this letter. Immediately preceding the Report is a guide that defines each line of the Report.

The balance of this debt is due within 30 days from the date of this letter. Failure to pay the debt within 30 days from the date of this letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

If the Schools and Libraries Division (SLD) has determined that both the applicant and the service provider are responsible for a program rule violation, then, pursuant to the Order on Reconsideration and Fourth Report and Order (FCC 04-181), the SLD will seek recovery of the improperly disbursed amount from BOTH parties and will continue to seek recovery until either or both parties have fully paid the debt. If the SLD has determined that both the applicant and the service provider are responsible for a program rule violation, this was indicated in the Disbursed Funds Recovery Explanation on the Funding Disbursement Report.

If the SLD is attempting to collect all or part of the debt from both the applicant and the service provider, then you should work with the applicant to determine who will be repaying the debt to avoid duplicate payment. Please note, however, that the debt is the responsibility of both the applicant and service provider. Therefore, you are responsible for ensuring that the debt

is paid in a timely manner.

Please remit payment for the full "Funds to be Recovered from Service Provider" amount shown in the Report. To ensure that your payment is properly credited, please include a copy of the Report with your check. Make your check payable to the Universal Service Administrative Company (USAC).

If sending payment by U. S. Postal Service or major courier service (e.g. Airborne, Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company
1259 Paysphere Circle
Chicago, IL 60674

If you are located in the Chicago area and use a local messenger rather than a major courier service, please address and deliver the package to:

Universal Service Administrative Company
Lockbox 1259
540 West Madison 4th Floor
Chicago, IL 60661

Local messenger service should deliver to the Lockbox Receiving Window at the above address.

Payment is due within 30 days from the date of this letter.

Complete program information is posted to the SLD section of the USAC web site at www.universalservice.org/sl/. You may also contact the SLD Technical Client Service Bureau by e-mail using the "Submit a Question" link on the SLD web site, by fax at 1-888-276-8736 or by phone at 1-888-203-8100.

Universal Services Administrative Company
Schools and Libraries Division

cc: JAMES ALTHER
LOS ANGELES UNIFIED SCHOOL DISTRICT

A GUIDE TO THE FUNDING DISBURSEMENT REPORT

Attached to this letter will be a report for each funding request from the application cited at the top of this letter for which a Recovery of Improperly Disbursed Funds is required. We are providing the following definitions.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each individual request in a Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

CONTRACT NUMBER: The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on the Form 471.

SERVICES ORDERED: The type of service ordered by the applicant, as shown on Form 471.

BILLING ACCOUNT NUMBER: The account number that you established with the applicant for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

FUNDING COMMITMENT: This represents the amount of funding that SLD had reserved to reimburse for the approved discounts for this service for this funding year.

FUNDS DISBURSED TO DATE: This represents the total funds that have been paid to you for this FRN as of the date of this letter.

FUNDS TO BE RECOVERED FROM SERVICE PROVIDER: This represents the amount of Improperly Funds Disbursed to Date for which the service provider has been determined to be primarily responsible. These improperly disbursed funds will have to be recovered from the service provider.

DISBURSED FUNDS RECOVERY EXPLANATION: This entry provides the reason the adjustment was made.

Funding Disbursement Report
Form 471 Application Number: 337115

Funding Request Number:	916904
Contract Number:	PC D-3-00294192
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	310-436-1008
Funding Commitment:	\$29,769,218.02
Funds Disbursed to Date:	\$29,769,218.02
Funds to be Recovered from Service Provider:	\$329.21

Disbursed Funds Recovery Explanation:

As a result of your appeal it has been determined that only the Additional Battery Pack was not delivered and therefore, USAC will seek recovery of \$329.21 of improperly disbursed funds from both the applicant and the service provider.

On 1/23/07 a letter was sent advising you of a recovery of funds for this Funding Request Number. Please see the following paragraph for the violation and the original decision. "After a thorough investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit it was determined that funds were disbursed for products and/or services that were not delivered. During the audit it was determined that \$10,771.76 of funding was invoiced to and disbursed by USAC for a CAT 2950 24 10/100 Switch, a Smart Online UPS 1000 Rack Mount, a GBIC 1000 LX/LH / Multimode GBIC Module, and an Additional Battery Pack for SU2200RTXL2U. The applicant was unable to provide evidence of receipt of this equipment. FCC rules authorize USAC to disburse funds to service providers for providing supported services to eligible entities. These rules are violated if the service provider receives payment for services and/or products that it did not deliver to the eligible entity. The service provider is responsible for ensuring that it only receives support for services and/or products that it actually provides to its customers. USAC has determined that both the applicant and the service provider are responsible for this rule violation. Therefore USAC will seek recovery of the \$10,771.76 of improperly disbursed funds from both the applicant and the service provider."

Dr. James Alther
LOS ANGELES UNIFIED SCHOOL DISTRICT
333 S BEAUDRY AVE
LOS ANGELES, CA 90017



VECTOR RESOURCES, Inc.

Enterprise Network Solutions

August 27, 2007

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

RE: REQUEST FOR REVIEW

To Whom It May Concern:

We are in receipt of SLD Administrator's Decision of Appeal -- Funding Year 2003-2004 Letter (dated June 29, 2007), sent in response to Vector Resources' appeal (dated March 22, 2007) of SLD Notification of Improperly Disbursed Funds Letter (Funding Year 2003: 7/01/2003 -- 6/30/2004), dated January 23, 2007. This Decision of Appeal Letter is included in this response behind tab (1) and is in reference to:

Applicant:	Los Angeles Unified School District
Form 471 Application Number:	337115
Billed Entity Number:	143454
FCC Registration Number:	0011609344
CC Docket Number	02-6
CC Docket Number	96-45

By way of this letter, Vector Resources, Inc. is filing an appeal against SLD's Administrator's Decision of Appeal Letter and the FY2003 KPMG audit findings. The Decision of Appeal Letter states:

Funding Request Number(s): 916904
Decision on Appeal: **Partially Approved**
Explanation:

Upon review of the appeal and all relevant documentation, it has been determined that the documentation provided on appeal was sufficient to support the CAT 2950 24 10/100 Switch from the Manual Arts Senior High School, a Smart Online UPS 1000 Rack Mount from the 118 Street Elementary School, and a GBIC 1000 LX/LH / Multimode GBIC Module from Huntington Park Senior High School. However, the Additional Battery Pack for SU2200RTXL2U to be located at Jordan Senior High School was not installed. Therefore, the appeal is partially approved, and USAC will issue a Demand Payment Letter in the amount of \$329.21 (post discount) for the equipment not installed.

We respectfully disagree with the finding relating to the Additional Battery Pack for SU2200RTXL2U at Jordan Senior High School and will demonstrate in this appeal that not only was a credit for this item issued to both LAUSD and the SLD in June of 2005, but that issuance of said credit was sufficiently and properly documented in the Vector Resources' March 2007 appeal.

3530 Voyager St.
Torrance, CA 90503
tel: 310.436.1000
fax: 310.436.1060
CA License No. 654046

The facts are as follows:

- a) Manufacturer and part number information for the Additional Battery Pack for SU2200RTXL2U at Jordan Senior High School is **Tripp Lite P/N BP72V12-2U**.
- b) Credit for quantity (1) of Tripp Lite P/N BP72V12-2U is shown on Jordan HS June 2005 Invoice Detail, fourth line item from end of parts listing.
 - *Jordan HS June 2005 Invoice Detail was included in Vector's March 2007 appeal (second page behind Tab 18 > Adjustment Invoice) and is also included behind tab (2) of this appeal.*
- c) Project Total shown on Jordan HS June 2005 Invoice Detail matches amount shown for Jordan HS in Column E ("Current Month Billing") in June 2005 Payment Request Summary.
 - *June 2005 Payment Request Summary was included in Vector's March 2007 appeal (fourth page behind Tab 18 > Adjustment Invoice) and is also included behind tab (3) of this appeal.*
- d) Amount to be billed to SLD (\$4257.18, Column E) shown in June 2005 Payment Request Summary matches amount to be billed to ERATE (SLD PAYMENT) shown in column D ("Payment This Invoice") on Vector Invoice #25419.
 - *Vector Invoice #25419 was included in Vector's March 2007 appeal (eighth page behind Tab 18 > Adjustment Invoice) and is also included behind tab (4) of this appeal.*
- e) Amount to be billed to ERATE (SLD PAYMENT) for June 2005 shown on Vector Invoice #25419 matches amount to be billed to SLD (\$4257.18, Column 14) shown on Form 474 - SLD Invoice #25420.
 - *Form 474 - SLD Invoice #25420 was included in Vector's March 2007 appeal (ninth and tenth pages behind Tab 18 > Adjustment Invoice) and is also included behind tab (5) of this appeal.*

Given that this information was included with Vector Resources' March 2007 appeal, we are quite confused by the Partially Approved finding of this Decision on Appeal Letter and are compelled to appeal the finding. The attached documentation supports a reversal of the findings in the KPMG Audit Report and the Decision on Appeal Letter.

I invite you or your team to discuss any of these findings with our team. I am the contact person at Vector Resources for this issue; please note my contact info below. Thank you in advance for your time and consideration in this matter.

Sincerely,



Karla Morales
Contracts Manager
Vector Resources, Inc.
3530 Voyager Street
Torrance, CA 90503
Direct Line: 310-436-1178
FAX: 310-371-7340
E-Mail: kmorales@vectorusa.com

Demand Payment Letter
Funding Year 2003: 7/01/2003 - 6/30/2004

September 27, 2007

JAMES ALTHER
LOS ANGELES UNIFIED SCHOOL DISTRICT
333 S BEAUDRY AVE
LOS ANGELES, CA 90017

Re: Form 471 Application Number: 337115
Funding Year: 2003
Applicant's Form Identifier: LA036LAN1
Billed Entity Number: 143454
FCC Registration Number: 0011609344
SPIN Name: Vector Resources, Inc.
Service Provider Contact Person: Robert Messinger

You were recently sent a Notification of Improperly Disbursed Letter informing you of the need to recover funds from you for the Funding Request Number(s) (FRNs) listed on the Funding Disbursement Report (Report) of that letter. A copy of that Report is also attached to this letter. Immediately preceding the Report is a guide that defines each line of the Report.

The balance of this debt is due within 30 days from the date of this letter. Failure to pay the debt within 30 days from the date of this letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

If the Schools and Libraries Division (SLD) has determined that both the applicant and the service provider are responsible for a program rule violation, then, pursuant to the Order on Reconsideration and Fourth Report and Order (FCC 04-181), the SLD will seek recovery of the improperly disbursed amount from BOTH parties and will continue to seek recovery until either or both parties have fully paid the debt. If the SLD has determined that both the applicant and the service provider are responsible for a program rule violation, this was indicated in the Disbursed Funds Recovery Explanation on the Funding Disbursement Report.

If the SLD is attempting to collect all or part of the debt from both the applicant and the service provider, then you should work with your service provider to determine who will be repaying the debt to avoid duplicate payment. Please note, however, that the debt is the responsibility of both the applicant and service provider. Therefore, you are responsible for ensuring that the

debt is paid in a timely manner.

Please remit payment for the full Funds to be Recovered from Applicant amount shown in the Report. To ensure that your payment is properly credited, please include a copy of the Report with your check. Make your check payable to the Universal Service Administrative Company (USAC).

If sending payment by U. S. Postal Service or major courier service (e.g. Airborne, Federal Express, and UPS) please send check payments to:

Universal Service Administrative Company
1259 Paysphere Circle
Chicago, IL 60674

If you are located in the Chicago area and use a local messenger rather than a major courier service, please address and deliver the package to:

Universal Service Administrative Company
Lockbox 1259
540 West Madison 4th Floor
Chicago, IL 60661

Local messenger service should deliver to the Lockbox Receiving Window at the above address.

Payment is due within 30 days from the date of this letter.

Complete program information is posted to the SLD section of the USAC web site at www.universalservice.org/sl/. You may also contact the SLD Technical Client Service Bureau by e-mail using the "Submit a Question" link on the SLD web site, by fax at 1-888-276-8736 or by phone at 1-888-203-8100.

Universal Service Administrative Company
Schools and Libraries Division

cc: Robert Messinger
Vector Resources, Inc.

A GUIDE TO THE FUNDING DISBURSEMENT REPORT

Attached to this letter will be a report for each funding request from the application cited at the top of this letter for which a Recovery of Improperly Disbursed Funds is required. We are providing the following definitions.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each individual request in a Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

SERVICES ORDERED: The type of service ordered from the service provider, as shown on Form 471.

SPIN (Service Provider Identification Number): A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support programs.

SERVICE PROVIDER NAME: The legal name of the service provider.

CONTRACT NUMBER: The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on the Form 471.

BILLING ACCOUNT NUMBER: The account number that your service provider has established with you for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

SITE IDENTIFIER: The Entity Number listed on Form 471, Block 5, Item 22a. This number will only be present for "site specific" FRNs.

FUNDING COMMITMENT: This represents the amount of funding that SLD had reserved to reimburse you for the approved discounts for this service for this funding year.

FUNDS DISBURSED TO DATE: This represents the total funds that have been paid to the identified service provider for this FRN as of the date of this letter.

FUNDS TO BE RECOVERED FROM APPLICANT: This represents the amount of improperly disbursed funds to date as a result of rule violation(s) for which the applicant has been determined to be responsible. These improperly disbursed funds will have to be recovered from the applicant.

DISBURSED FUNDS RECOVERY EXPLANATION: This entry provides the reason why recovery is required.

Funding Disbursement Report
Form 471 Application Number: 337115

Funding Request Number: 916904
Services Ordered: INTERNAL CONNECTIONS
SPIN: 143020726
Service Provider Name: Vector Resources, Inc.
Contract Number: PC D-3-00294192
Billing Account Number: 310-436-1008
Site Identifier: 143454
Funding Commitment: \$29,769,218.02
Funds Disbursed to Date: \$29,769,218.02
Funds to be Recovered from Applicant: \$329.21

Disbursed Funds Recovery Explanation:

As a result of your appeal it has been determined that only the Additional Battery Pack was not delivered and therefore, USAC will seek recovery of \$329.21 of improperly disbursed funds from both the applicant and the service provider.

On 1/23/07 a letter was sent advising you of a recovery of funds for this Funding Request Number. Please see the following paragraph for the violation and the original decision. "After a thorough investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit it was determined that funds were disbursed for products and/or services that were not delivered. During the audit it was determined that \$10,771.76 of funding was invoiced to and disbursed by USAC for a CAT 2950 24 10/100 Switch, a Smart Online UPS 1000 Rack Mount, a GBIC 1000 LX/LH / Multimode GBIC Module, and an Additional Battery Pack for SU2200RTXL2U. The applicant was unable to provide evidence of receipt of this equipment. FCC rules authorize USAC to disburse funds to service providers for providing supported services to eligible entities. These rules are violated if the service provider receives payment for services and/or products that it did not deliver to the eligible entity. The service provider is responsible for ensuring that it only receives support for services and/or products that it actually provides to its customers. USAC has determined that both the applicant and the service provider are responsible for this rule violation. Therefore USAC will seek recovery of the \$10,771.76 of improperly disbursed funds from both the applicant and the service provider."

Dr. James Alther
LOS ANGELES UNIFIED SCHOOL DISTRICT
333 S BEAUDRY AVE
LOS ANGELES, CA 90017



Universal Service Administrative Company
Schools & Libraries Division

Administrator's Decision on Appeal – Funding Year 2003-2004

June 29, 2007



James Alther
Los Angeles Unified School District
333 S. Beaudry Avenue
10th Floor
Los Angeles, CA 90017

Re: Applicant Name: LOS ANGELES UNIFIED SCHOOL DISTRICT
Billed Entity Number: 143454
Form 471 Application Number: 337115
Funding Request Number(s): 916904
Your Correspondence Dated: March 22, 2007

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2003 Notification of Improperly Disbursed Funds Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 916904
Decision on Appeal: **Partially Approved**
Explanation:

- Upon review of the appeal and all relevant documentation, it has been determined that the documentation provided on appeal was sufficient to support the CAT 2950 24 10/100 Switch from the Manual Arts Senior High School, a Smart Online UPS 1000 Rack Mount from the 118 Street Elementary School, and a GBIC 1000 LX/LH / Multimode GBIC Module from Huntington Park Senior High School. However, the Additional Battery Pack for SU2200RTXL2U to be located at Jordan Senior High School was not installed. Therefore, the appeal is partially approved, and USAC will issue a Demand Payment Letter in the amount of \$329.21 (post discount) for the equipment not installed.

USAC improperly disbursed funding for services that were not provided or equipment that was not installed as approved on the applicant's [FY2003] FCC Form 471. FCC Rules authorize USAC to disburse funds to service providers for providing supported services to eligible entities. 47 C.F.R. secs. 54.501(a), 54.517. These rules are violated if the service provider receives payment for services and/or products that were not delivered to the eligible entity. In the Fifth Report and Order, the Commission stated that it would not be appropriate "for a beneficiary to retain an overpayment if, for some reason, USAC has mistakenly disbursed an amount in excess of that which the entity is allowed under our rules". See Schools and Libraries Universal Service Support Mechanism, CC Docket No. 02-6, Fifth Report and Order and Order, 19 FCC Rcd 15808, 15817-18, FCC 04-190 para. 29 (rel. Aug. 13, 2004). The FCC further states that "the service provider is likely to be the entity that fails to deliver supported services within the relevant funding year, fails to properly bill for supported services" and therefore, the service provider should be a party to whom recovery should be directed. See Federal-State Joint Board on Universal Service, Changes to the Board of Directors for the National Exchange Carrier Association, Inc., Schools and Libraries Universal Service Support Mechanism, CC Docket Nos. 96-45, 97-21, 02-6, Order on Reconsideration and Fourth Report and Order, 19 FCC Rcd 15252, 15257, FCC 04-181 para. 15 (rel. Jul. 30, 2004).

Since the Administrator's Decision on Appeal modifies the commitment adjustment for your application, USAC will issue a Revised Funding Commitment Decision Letter (RFCDL) to you and the service provider that provides the services approved for discounts in this letter and to the applicant. USAC will issue the RFCDL to you as soon as possible. The RFCDL will inform you of the precise dollar value of your approved funding request(s). As you await the RFCDL, you may share this Administrator's Decision on Appeal with the relevant service provider(s). However, Forms 486 cannot be filed for the services covered by this appeal until you have received your RFCDL.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either USAC or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

James Alther
Los Angeles Unified School District
333 S. Beaudry Avenue
10th Floor
Los Angeles, CA 90017

Billed Entity Number: 143454
Form 471 Application Number: 337115
Form 486 Application Number:



Universal Service Administrative Company

Schools and Libraries Division

Administrator's Appeal Acknowledgement Letter

(Funding Year FY: 07/01/03-06/30/04)



March 23, 2007

James Alther
Los Angeles Unified School District
333 S. Beaudry Ave, 10th Floor
Los Angeles, CA 90017

Subject: Los Angeles Unified School District

James Alther,

The Universal Service Administrative Company has received your correspondence dated March 22, 2007 regarding the 2003-2004 funding decision of your Form 471 Application Number 337115.

These are the steps that will now follow:

1. We will review your correspondence carefully to identify the specific issue(s) it raises.
2. We will consult the Program Integrity Assurance records and all supporting documentation for the application. Our goal is to determine whether the program rules were administered appropriately in processing your application.
3. Once the review process is completed we will respond in writing and state whether your appeal is approved, denied or approved in part. A Revised Funding Commitment Decision Letter will follow for any approved appeal resulting in additional discounts for your application. Funds have been set aside to implement funding decisions for appeals approved by the SLD and/or the Federal Communications Commission.

We will perform an in-depth review of your appeal. Our goal is to respond to you as promptly as possible. We thank you in advance for your patience as we handle your appeal with the care and attention it deserves.

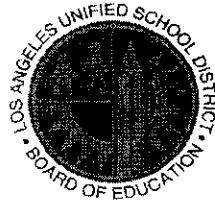
Universal Service Administrative Company

LOS ANGELES UNIFIED SCHOOL DISTRICT

Information Technology Division

DAVID L. BREWER III
Superintendent of Schools

CHARLES A. BURBRIDGE
Interim Chief Information Officer



PATRICK LUCE
Deputy Chief Information Officer

JAMES ALTHER, Ph.D.
Chief Technology Director, Infrastructure

Letter of Appeal
Schools and Libraries Division - Correspondence Unit
100 S. Jefferson Rd
P.O. Box 902
Whippany, NJ 07981

To Whom It May Concern:

The Los Angeles Unified School District ("District") is submitting this appeal letter in response to the Notification of Improperly Disbursed Funds sent from USAC dated January 23, 2007. This letter is regarding the following information:

Applicant: Los Angeles Unified School District
BEN: 143454
Name: James Alther
Title: Chief Technology Director
Address: 333 S. Beaudry Ave, 10th Floor
Los Angeles, CA 90017
Phone: (213) 241-1332
Fax: (213) 241-8400
E-mail: james.alther@lausd.net

Subject: APPEAL – Notification of Improperly Disbursed Funds
471#: 337115, FRN: 916904

It is stated in the Disbursed Funds Recovery Explanation that:

"During the audit it was determined that \$10,771.76 of funding was invoiced to and disbursed by USAC for a CAT 2950 24 10/100 Switch, a Smart Online UPS 1000 Rack Mount, a GBIC 1000 LX/LH/Multimode GBIC Module, and an additional Battery Pack for SU2200RTXL2U. The applicant was unable to provide evidence of receipt of this equipment.

The District disputes the audit findings. The audit was performed before project completion and final submission of all required documentation. District staff conducted its own internal audit of all completed sites following construction test and acceptance and completing a visual inspection verified the above items were at the sites. The contractor, Vector Resources, submitted updated asset lists and bill of materials which District staff verified as correct. Attached are copies of the verified asset lists and bill of materials for Manchester, Manual Arts, 118th Street, Huntington Park, and McKinley provided after the audit. In addition, the District confirms that the additional Battery Pack for SU2200RTXL2U is not included on the final LAUSD approved asset list and a credit was given by Vector Resources for Jordan Senior High School.

Based upon the information provided the District contends that this evidence shows receipt of the

equipment in question. If you have any questions, please contact Tracy Okumura at (213) 241-1875 or tracy.okumura@lausd.net. Thank you very much.

James Alther



VECTOR RESOURCES, Inc.

Enterprise Network Solutions

March 16, 2007

Letter of Appeal
Schools and Libraries Division
Department 125 – Correspondence Unit
100 South Jefferson Road
Whippany, New Jersey 07981

RE: LETTER OF APPEAL

To Whom It May Concern:

We are in receipt of the SLD Notification of Improperly Disbursed Funds Letter (Funding Year 2003: 7/01/2003 – 6/30/2004) dated January 23, 2007 ("Funding Disbursement Report"). This letter is included in this response behind tab (2) and is in reference to:

Applicant:	Los Angeles Unified School District
Form 471 Application Number:	337115
Billed Entity Number:	143454
FCC Registration Number:	0011609344

By way of this letter, Vector Resources, Inc. is filing an appeal against SLD's Notification of Improperly Disbursed Funds Letter and the FY2003 KPMG Audit Findings. The Funding Disbursement Report states, "After a thorough investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit it was determined that funds were disbursed for products and/or services that were not delivered. During the audit it was determined that \$10,771.76 of funding was invoiced to and disbursed by USAC for a CAT2950 24 10/100 Switch, a Smart On Line UPS 1000 Rack Mount, a GBIC 1000 LX/LH/Multimode GBIC Module, and an Additional Battery Pack for SU2200RTXL2U. The applicant was unable to provide evidence of receipt of this equipment..." We respectfully disagree with these findings and will demonstrate in this appeal that either the equipment in question was actually installed or a credit has already been issued for it to both LAUSD and the SLD in June of 2005.

The audit referenced in the Funding Disbursement Report was problematic because of the following issues:

1. The audit was conducted prior to the project being completed; construction and invoicing were still being performed for sites. Equipment is often ordered for sites based on the design generated for a school; sometimes design changes occur during construction in which hardware is either added or deleted from a site and additional billings or credits are required. The audit team was working off documentation that was not yet complete.

3530 Voyager St.
Torrance, CA 90503
tel: 310.436.1000
fax: 310.436.1060
CA License No. 654046

2. The Service Provider (Vector Resources) was never contacted by the SLD or the auditors to inform the Service Provider of the audit or to request their involvement or participation. The audit team dealt exclusively with LAUSD and published findings only to LAUSD. The first official notification the Service Provider received about this audit was the Notification of Improperly Disbursed Funds being appealed in this letter. Vector Resources strongly believes that it was not granted due process in the audit and that, had it been included in the audit process, these issues/findings could have been satisfactorily addressed during the audit, thereby saving a significant amount of money and resources that have now been expended by USAC unnecessarily. It does not appear that this is the most cost-effective way to administer the E-rate Program.
3. In 2005 LAUSD was told only that there was overbilling of \$17,531.45; no details were provided to the District or Vector Resources to substantiate this dollar amount or finding.
4. Upon receiving the Notification of Improperly Disbursed Funds Letter, both LAUSD and Vector Resources contacted the SLD to obtain additional documentation to substantiate the \$10,771.76 referenced in the letter. The SLD told us they would not supply us with this information. Because USAC and KPMG refused to provide any information to the Service Provider, Vector Resources was forced to file a Freedom of Information Act Request ("FOIA") with the FCC to obtain this information in order to be able to provide an accurate response to this letter.
5. In reviewing the documentation received from the FOIA (spreadsheets attached behind tabs 3 & 4 of this response), it appears that the total dollar amount in question as shown in the "Missing Equipment Detail" spreadsheet does not match the \$10,771.76 number included in the Notification of Improperly Disbursed Funds letter; rather, it matches the \$17, 531.45 that LAUSD was told at the time the conclusion of the audit.
6. In further reviewing the spreadsheets from the auditors titled Unreconcilable.xls and Missing Eqpt Detail.xls, we found that they do not reconcile; the two spreadsheets show different discrepancies.
7. Vector Resources would also like to note that identical information was presented for Jefferson HS and Jordan HS in the Unreconcilable.xls Excel spreadsheet received from the FCC. Vector Resources' documentation indicates that the information included is actually for Jefferson HS; thus, it appears that no information was included for Jordan HS.

Given these issues, we are quite confused by the findings of this Funding Disbursement Report and KPMG Audit and are compelled to appeal them. The attached documentation supports a reversal of the findings in the KPMG Audit Report and the Funding Disbursement Letter. Immediately following this letter is a summary of our findings regarding the installation status of items noted in the "Missing Eqpt Detail" spreadsheet received from the FCC. As indicated by the table of contents, each school has its own numbered section with individual tabs for supporting documentation. Each school has a master spreadsheet which we created by adding additional columns to the auditors' original spreadsheets to show whether the equipment is actually on site or if a credit was issued. If equipment is on site we have provided photos of the equipment as supporting proof; if credits were issued we included copies of the invoice as well as the detail which supports how the numbers were arrived at. For clarification purposes, in this binder we also address the findings for each school included in the detail sheets of the "Unreconcilable" spreadsheet received from the FCC.

The FCC is clearly wasting funds pursuing these miniscule (0.03% – \$10,000 out of \$30,000,000) potential COMADS. Vector Resources, Inc. believes that the FCC should reconsider its direction to applicants and service providers. The included binder should serve as a stark reminder to the FCC that the waste of funds could be stopped by setting up an up-front process such as that which LAUSD has initiated, one that includes photographs and documents serial number, asset tag, and wiring closet information for all installed equipment to ensure that the equipment has been delivered and installed. The audits could be done after the fact instead of during the installation, avoiding the costly service substitution process while still guaranteeing that rate-payers funds were expended correctly.

I invite you or your team to discuss any of these findings with our team. I am the contact person at Vector Resources for this issue; please note my contact info below. Thank you in advance for your time and consideration in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Karla Morales', with a stylized, cursive script.

Karla Morales
Contracts Manager
Vector Resources, Inc.
3530 Voyager Street
Torrance, CA 90503
Direct Line: 310-436-1178
FAX: 310-371-7340
E-Mail: kmorales@vectorusa.com

Notification of Improperly Disbursed Funds Letter
Funding Year 2003: 7/01/2003 - 6/30/2004

January 23, 2007

Robert Messinger
Vector Resources, Inc.
3530 Voyager Street
Torrance, CA 90503

Re: SPIN: 143020726
Form 471 Application Number: 337115
Funding Year: 2003
FCC Registration Number: 0012223764
Applicant Name: LOS ANGELES UNIFIED SCHOOL DISTRICT
Billed Entity Number: 143454
Applicant Contact Person: JAMES ALTHER

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were disbursed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now recover these improper disbursements. The purpose of this letter is to inform you of the recoveries as required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the service provider is responsible for all or some of the program rule violations. Therefore, the service provider is responsible to repay all or some of the funds disbursed in error.

This is NOT a bill. The next step in the recovery of improperly disbursed funds process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

TO APPEAL THIS DECISION

If you wish to appeal the Notification of Improperly Disbursed Funds decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Improperly Disbursed Funds Letter and the Funding Request Numbers you are appealing. Your letter of appeal must also include the applicant name, the Form 471 Application Number, Billed Entity Number, and the FCC Registration Number from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Improperly Disbursed Funds Letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal.

If you are submitting your appeal electronically, please send your appeal to appeals@sl.universalservice.org using the organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Dept. 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by calling the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic appeals option.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by calling the Client Service Bureau. We strongly recommend that you use the electronic filing options.

FUNDING DISBURSEMENT REPORT

On the pages following this letter, we have provided a Funding Disbursement Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which recovery is necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report. The SLD is also sending this information to the applicant for informational purposes. If USAC has determined the applicant is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the applicant detailing the necessary applicant action. The Report explains the exact amount the service provider is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: JAMES ALTHER
LOS ANGELES UNIFIED SCHOOL DISTRICT

A GUIDE TO THE FUNDING DISBURSEMENT REPORT

Attached to this letter will be a report for each funding request from the application cited at the top of this letter for which a Recovery of Improperly Disbursed Funds is required. We are providing the following definitions.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each individual request in a Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

CONTRACT NUMBER: The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on the Form 471.

SERVICES ORDERED: The type of service ordered by the applicant, as shown on Form 471.

BILLING ACCOUNT NUMBER: The account number that you established with the applicant for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

FUNDING COMMITMENT: This represents the amount of funding that SLD had reserved to reimburse for the approved discounts for this service for this funding year.

FUNDS DISBURSED TO DATE: This represents the total funds that have been paid to you for this FRN as of the date of this letter.

FUNDS TO BE RECOVERED FROM SERVICE PROVIDER: This represents the amount of Improperly Funds Disbursed to Date for which the service provider has been determined to be primarily responsible. These improperly disbursed funds will have to be recovered from the service provider.

DISBURSED FUNDS RECOVERY EXPLANATION: This entry provides the reason the adjustment was made.

**Funding Disbursement Report
for Form 471 Application Number: 337115**

Funding Request Number:	916904
Contract Number:	PC D-3-00294192
Services Ordered:	INTERNAL CONNECTIONS
Billing Account Number:	310-436-1008
Funding Commitment:	\$30,715,744.12
Funds Disbursed to Date:	\$29,769,218.02
Funds to be Recovered from Service Provider:	\$10,771.76

Disbursed Funds Recovery Explanation:

After a thorough investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit it was determined that funds were disbursed for products and/or services that were not delivered. During the audit it was determined that \$10,771.76 of funding was invoiced to and disbursed by USAC for a CAT 2950 24 10/100 Switch, a Smart Online UPS 1000 Rack Mount, a GBIC 1000 LX/LH / Multimode GBIC Module, and an Additional Battery Pack for SU2200RTXL2U. The applicant was unable to provide evidence of receipt of this equipment. FCC rules authorize USAC to disburse funds to service providers for providing supported services to eligible entities. These rules are violated if the service provider receives payment for services and/or products that it did not deliver to the eligible entity. The service provider is responsible for ensuring that it only receives support for services and/or products that it actually provides to its customers. USAC has determined that both the applicant and the service provider are responsible for this rule violation. Therefore, USAC will seek recovery of the \$10,771.76 of improperly disbursed funds from both the applicant and the service provider

Notification of Improperly Disbursed Funds Letter

Funding Year 2003: 7/01/2003 - 6/30/2004

January 23, 2007

**JAMES ALTHER
LOS ANGELES UNIFIED SCHOOL DISTRICT
333 S BEAUDRY AVE
LOS ANGELES, CA 90017**

**Re: Form 471 Application Number: 337115
Funding Year: 2003
Applicant's Form Identifier: LA036LAN1
Billed Entity Number: 143454
FCC Registration Number: 0011609344
SPIN Name: Vector Resources, Inc.
Service Provider Contact Person: Robert Messinger**

Our routine review of Schools and Libraries Program funding commitments has revealed certain applications where funds were disbursed in violation of program rules.

In order to be sure that no funds are used in violation of program rules, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) must now recover these improper disbursements. The purpose of this letter is to inform you of the recoveries as required by program rules, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the program rule violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error.

This is NOT a bill. The next step in the recovery of improperly disbursed funds process is for SLD to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of the Demand Payment Letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." Please see the "Informational Notice to All Universal Service Fund Contributors, Beneficiaries, and Service Providers" at <http://www.universalservice.org/fund-administration/tools/latest-news.aspx#083104> for more information regarding the consequences of not paying the debt in a timely manner.

TO APPEAL THIS DECISION

If you wish to appeal the Notification of Improperly Disbursed Funds decision indicated in this letter, your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and e-mail address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Improperly Disbursed Funds Letter and the funding request numbers you are appealing. Your letter of appeal must also include the applicant name, the Form 471 Application Number, Billed Entity Number, and the FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Improperly Disbursed Funds letter that is the subject of your appeal to allow the SLD to more readily understand your appeal and respond appropriately. Please keep your letter specific and brief, and provide documentation to support your appeal. Be sure to keep copies of your correspondence and documentation.
4. Provide an authorized signature on your letter of appeal

If you are submitting your appeal electronically, please send your appeal to appeals@sl.universalservice.org using your organization's e-mail. If you are submitting your appeal on paper, please send your appeal to: Letter of Appeal, Schools and Libraries Division, Dept. 125 - Correspondence Unit, 100 South Jefferson Road, Whippany, NJ 07981. Additional options for filing an appeal can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by calling the Client Service Bureau at 1-888-203-8100. We strongly recommend that you use the electronic filing options.

While we encourage you to resolve your appeal with the SLD first, you have the option of filing an appeal directly with the Federal Communications Commission (FCC). You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC web site or by calling the Client Service Bureau. We strongly recommend that you use the electronic filing options.

FUNDING DISBURSEMENT REPORT

On the pages following this letter, we have provided a Funding Disbursement Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from the application for which recovery is necessary. Immediately preceding the Report, you will find a guide that defines each line of the Report. The SLD is also sending this information to the service provider for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on these Funding Request Numbers, a separate letter will be sent to the service provider detailing the necessary service provider action. The Report explains the exact amount the applicant is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: Robert Messinger
Vector Resources, Inc.

A GUIDE TO THE FUNDING DISBURSEMENT REPORT

Attached to this letter will be a report for each funding request from the application cited at the top of this letter for which a Recovery of Improperly Disbursed Funds is required. We are providing the following definitions.

FUNDING REQUEST NUMBER (FRN): A Funding Request Number is assigned by the SLD to each individual request in a Form 471 once an application has been processed. This number is used to report to applicants and service providers the status of individual discount funding requests submitted on a Form 471.

SERVICES ORDERED: The type of service ordered from the service provider, as shown on Form 471.

SPIN (Service Provider Identification Number): A unique number assigned by the Universal Service Administrative Company to service providers seeking payment from the Universal Service Fund for participating in the universal service support programs.

SERVICE PROVIDER NAME: The legal name of the service provider.

CONTRACT NUMBER: The number of the contract between the applicant and the service provider. This will be present only if a contract number was provided on the Form 471.

BILLING ACCOUNT NUMBER: The account number that your service provider has established with you for billing purposes. This will be present only if a Billing Account Number was provided on the Form 471.

SITE IDENTIFIER: The Entity Number listed on Form 471, Block 5, Item 22a. This number will only be present for "site specific" FRNs.

FUNDING COMMITMENT: This represents the amount of funding that SLD had reserved to reimburse you for the approved discounts for this service for this funding year.

FUNDS DISBURSED TO DATE: This represents the total funds that have been paid to the identified service provider for this FRN as of the date of this letter.

FUNDS TO BE RECOVERED FROM APPLICANT: This represents the amount of improperly disbursed funds to date as a result of rule violation(s) for which the applicant has been determined to be responsible. These improperly disbursed funds will have to be recovered from the applicant.

DISBURSED FUNDS RECOVERY EXPLANATION: This entry provides the reason why recovery is required.

**Funding Disbursement Report
for Form 471 Application Number: 337115**

Funding Request Number:	916904
Services Ordered:	INTERNAL CONNECTIONS
SPIN:	143020726
Service Provider Name:	Vector Resources, Inc.
Contract Number:	PC D-3-00294192
Billing Account Number:	310-436-1008
Site Identifier:	143454
Funding Commitment:	\$30,715,744.12
Funds Disbursed to Date:	\$29,769,218.02
Funds to be Recovered from Applicant:	\$10,771.76

Disbursed Funds Recovery Explanation:

After a thorough investigation, it has been determined that funds were improperly disbursed on this funding request. During the course of an audit it was determined that funds were disbursed for products and/or services that were not delivered. During the audit it was determined that \$10,771.76 of funding was invoiced to and disbursed by USAC for a CAT 2950 24 10/100 Switch, a Smart Online UPS 1000 Rack Mount, a GBIC 1000 LX/LH / Multimode GBIC Module, and an Additional Battery Pack for SU2200RTXL2U. The applicant was unable to provide evidence of receipt of this equipment. FCC rules authorize USAC to disburse funds to service providers for providing supported services to eligible entities. These rules are violated if the service provider receives payment for services and/or products that it did not deliver to the eligible entity. The service provider is responsible for ensuring that it only receives support for services and/or products that it actually provides to its customers. USAC has determined that both the applicant and the service provider are responsible for this rule violation. Therefore, USAC will seek recovery of the \$10,771.76 of improperly disbursed funds from both the applicant and the service provider